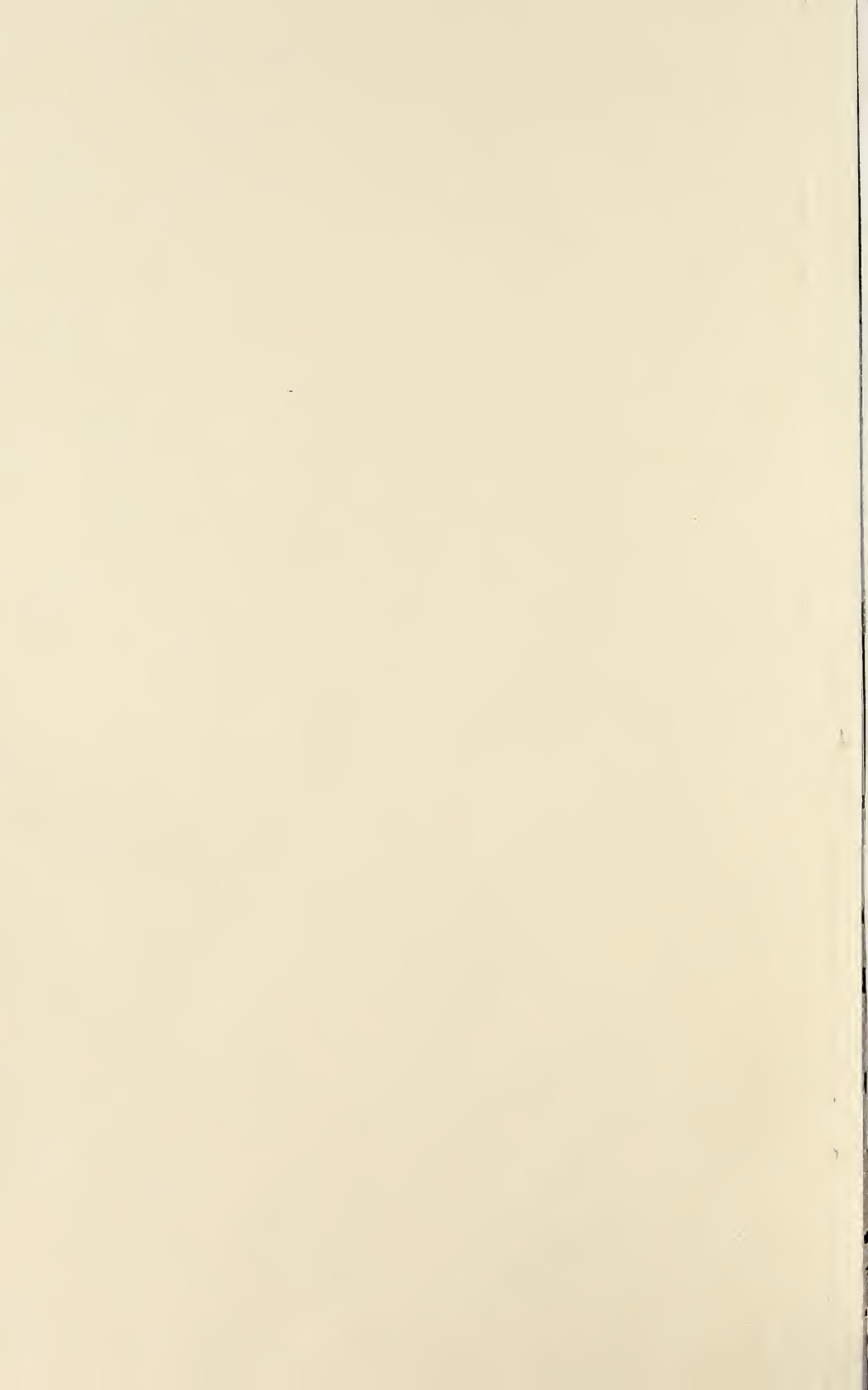
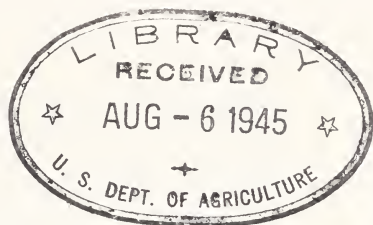


## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.





# Farm Tenancy

This leaflet, the first in the County Planning Series to deal with farm tenancy, discusses the historical background of farm tenancy and the place of tenancy in American agriculture. Later leaflets in the series will deal with other aspects of tenancy.

FARM TENANCY has existed in various forms for thousands of years. Even in Biblical times, farmers rented land, paying as rent a share of the crops, or cash, personal services, or other compensation.

Always, some farmers in this country have rented land, but only in the last 75 years has farm tenancy assumed major proportions. Today more than half of all farm land in the United States is rented. Approximately 4 farmers in every 10 are tenants, and another farmer in every 10 rents some of the land he operates. Because of the prevalence of farm tenancy, and the numerous problems arising from it, many land use planning committees are giving considerable attention to tenancy and are trying to formulate plans and action for improving present conditions.

## Farm Tenancy in the Nation.

Farm tenancy is greatest in the 16 Southern States, where half of the Nation's farmers live. About 54 percent of the farmers in these States are tenants. In the 10 principal cotton-producing States in the South, 60 percent of all farmers are tenants. Mississippi, with 70 percent of its farms operated by tenants, leads all others in the percentage of tenancy, and Louisiana and Oklahoma rank next.

---

Prepared by the Bureau of Agricultural Economics, in cooperation with the Extension Service, United States Department of Agriculture.

Tenancy has increased steadily in the Middle Western States in recent years. Almost half the farmers in several Corn Belt States are now tenants. Iowa, with 50 percent of its farms tenant-operated, has more tenancy than any other Middle Western State. Nebraska, South Dakota, and Illinois follow Iowa in proportion of tenancy.

In the Western States, particularly in the irrigated and wheat-producing areas, tenancy has been increasing since 1880. Colorado, where 40 percent of the farms are worked by tenants, has more farm tenancy than any other Western State.

Farm tenancy in the New England and Middle Atlantic States has decreased in recent years and is less prevalent than in other sections of the country.

In general, the number of tenants in this country has increased steadily, but it is difficult to forecast the future trend. In many areas, tenancy has declined recently, because tenants were displaced by mechanization and the greater use of farm wage labor. But, even so, farm tenancy will continue to be important for a long time. Consequently, land use planning committees that are undertaking plans to improve tenancy conditions are engaged in work of lasting importance to farm people and rural communities.

### **Historical Background.**

In early days, the Pilgrims in Massachusetts divided up the land of the Colony and provided each settler family a home. One of the objectives of the Pilgrims was to establish each family on its own farmstead. Farm-home ownership has been approved throughout American history as a primary means of attaining security on the land.

From the beginning, home ownership was encouraged in this country through sale of land to settlers at extremely low prices and through legislative action. The Preemption Acts of 1837 and 1841, for example, helped settlers on the public domain to obtain title to the farmsteads they had developed. Then, in 1862, the Homestead Act was passed, permitting settlers to acquire family-sized farms by home-

steading the land. Clearly, the broad national policy was one of favoring home ownership.

In actual practice, however, this policy fell short of its great purpose. Much of the public land was disposed of through sales to private companies and individuals who did not intend to live on the land. The pressing need for public revenue in the early days frequently resulted in an emphasis upon land-selling for revenue, rather than for promotion of home ownership. The Homestead Act itself was flouted by speculators who obtained large tracts of land through fraudulent entry of homestead claims. Large acreages were granted to the railroads and to the States for resale. Speculators were still able, after 1862, to buy thousands of acres of good land under the earlier land laws. Altogether, not more than a fourth of the public domain transferred to private ownership was taken up under the Homestead law. Then, too, much of the land originally homesteaded later fell into the hands of speculators. Under the imperfect operation of the land laws tenancy was surprisingly common, therefore, even in the frontier communities of 50 and 60 years ago.

In the Southern States, tenancy arose not alone from the influence of early land policies, but also from conditions affecting the Southern plantation system. After the Civil War, many planters were without funds for hiring labor, yet had plenty of land and the necessary management experience and ability for farming. At the same time, there were plenty of laborers who needed work but lacked land, tools, and management experience. A solution for these problems was found in the cropper system, whereby the landowner obtained people to work the land in return for a share of the crop. In this way the sharecropper's labor was combined with the owner's land and management in the operation of the land.

### **Effects of Recent Changes.**

Many forces in recent years have tended to increase the number of farm tenants. Economic depressions, especially those of the 1920's and early 1930's, have caused many owners to lose their land, and have made it difficult for



tenants to become owners. Land speculation and high land values during and after the World War made good land harder to get, both because of the large down payments required and because of high interest rates. Short-term mortgage loans and high interest rates sent many owners back to the ranks of tenants and wage laborers. Drastic changes in farm prices, unfavorable price ratios between the goods farmers buy and the products they sell, and high mortgage indebtedness leading to foreclosures, have been among the most important causes of the increase in tenancy. Droughts, floods, and other natural hazards have discouraged farm ownership in some sections. The inheritance of land by the nonfarming relatives of farm owners has further encouraged tenancy.

### **Definition of Tenancy.**

Farm tenancy has been given various meanings and interpretations. The Census of Agriculture defines tenants as farmers who rent all the land they operate. This definition classes as tenants all croppers, cash renters, standing renters, and the several kinds of share renters, who rent all their land. In some instances, sharecroppers have been placed in a separate group and defined as tenants who own no work stock. The laws of some States define sharecroppers as tenants, and others hold that sharecroppers are laborers. The Census classifies farmers who rent part and own part of the land they operate as part owners, although the problems arising in connection with the rented portions of these farms are very similar to problems associated with tenancy and sharecropping.

Land use planning committees discussing improvement of farm tenancy conditions probably will wish to distinguish between the various forms of tenancy prevailing in their areas, and the different kinds of problems which each farm presents.

### **Transfer of Rights by Renting.**

Individuals or the public may hold numerous rights in land, including the rights to use or abuse it, to occupy it or leave it vacant, to sell it or lease it, to give it or bequeath it.

Each right carries with it, or should carry with it, a corresponding responsibility that the public or individual expects to be borne by those holding the right. For instance, the right of the tenant to use the land carries with it the duty of guarding land and buildings against destruction. An added responsibility for conserving and improving the land is sometimes specified in farm leases. In the case of land within soil conservation districts, proper care of the land can be enforced to a desirable extent.

Farmers are owners, or tenants, or sharecroppers, or laborers. Although the land rights of each of these groups are controlled to some extent by State laws and by custom and contracts, there is no clear-cut division between the groups. A single farmer, for example, may be landowner, tenant, and laborer, all at the same time, if he is an owner who rents additional land and occasionally works for wages on another farm. It is also possible for the same family to include all three groups, as when the father is a landowner but has a son who rents a farm and another son who is a farm laborer.

Under some conditions, tenants may have greater security of tenure and control of their land than do farm owners who are heavily in debt. This is particularly true for tenants who rent land on conditions that tend to promote long-term occupancy. Also in this group are many tenants who expect to inherit from relatives the farms they rent. In England, a farm frequently remains in control of the tenant's family for generations. It is recorded that a family near Cheshire, England, has held one farm under tenancy for seven generations.

### **Variations in Leasing Arrangements.**

Considerable variation in rights and responsibilities occurs within the tenant group. The tenant who pays a cash rental to an absentee landlord under a long-term lease frequently has almost complete control over the land. On the other hand, closely supervised sharecroppers or other tenants may exercise little or no control over the land. Some tenants furnish all the management, labor, livestock, and equipment

necessary for operating the farm, whereas others furnish nothing except physical labor. Some furnish all livestock, work stock, and equipment, whereas others own livestock and certain equipment jointly with the landlords, as in the case of livestock-share leasing. Some tenants pay a share of the crop as rent, some pay a cash rental, and some pay rent that combines cash and a share of the crops.

Further differences exist in the length of lease periods and in the form of leases. Many leases are for only 1 year. Others are for 5 or 10 years or longer. Some leases run indefinitely and are ended only by a termination notice, given several months before a specified date. The form of rental agreements varies from a vague oral understanding between landlord and tenant to a well-thought-out written lease, providing definite protection to both parties and eliminating many possibilities of future misunderstandings.

Planning committees are discovering that even in the same county or land use area there are often important differences in the kinds of tenancy arrangements. Some of these differences are desirable and others are undesirable. Many planning committees are finding it difficult, therefore, to make sound tenancy-improvement recommendations without first taking inventory of the varying conditions of tenancy in their areas and analyzing the problems which each condition presents. These problems are discussed more fully in the next leaflet in the County Planning Series.

### **Good and Bad Features.**

Farm tenancy has good features as well as bad, depending upon the conditions surrounding it. Because of the many differences in tenancy in different local areas, therefore, each planning committee usually wishes to make its own appraisal of local tenancy conditions and of suitable means for improvement.

Tenancy is a useful and important institution in many ways. In fact, it has been vital to the welfare of farmers and the growth of agriculture. The tenancy system has enabled young and inexperienced farmers to begin as tenants when they lacked the knowledge or capital to assume the



burdens of farm ownership. Frequently, tenancy has been the only means by which young farmers could become farm operators. It is less difficult for a new farmer to equip himself first with the machinery, livestock, and supplies needed for farming than it would be for him to buy a farm in the beginning, in addition to the necessary equipment. Consequently, he often must depend upon someone to rent him the farm until he is in a better position to buy one.

Many young farmers lack management experience. Often they can profit from the guidance and advice supplied by landlords who have greater farm experience and knowledge of farm problems. This is especially true when the landlord is a farmer or a retired farmer. The renting of land also sometimes enables older farm owners to retire from active operation of their farms, thus opening up opportunities for younger farmers. Through this means, an older farmer may assign to one of his children the operation of the farm. Some farm owners also, because of health, the education of their children, or other reasons, are forced to leave the operation of their farms temporarily in the hands of others. In all these instances, farm tenancy serves the farm owner as well as the tenant.

### **Plans for Improvements.**

Some farmers prefer tenancy to ownership, because buying a farm requires investment of funds that otherwise could contribute to a higher standard of living for their families. Farm ownership may be definitely undesirable if it causes exploitation of the farm and the farm family. When farmers with small resources buy farms, they may have to buy units that are too small or too poor to provide them a satisfactory living. Under some conditions, such farmers would be better off as renters on larger, more productive farms.

Tenancy has special advantages, too, for farmers who plan to buy farms in areas strange to them. By living as a tenant upon the farm for a short while before buying the land, the purchaser can become acquainted with the neighborhood and its opportunities, in addition to getting needed knowledge about advisable farming practices. It is important, therefore,

that planning committees, as they study tenancy conditions, give due consideration to both the advantages and the disadvantages of present tenancy arrangements and practices.

Although farm tenancy does perform these useful functions, most planning committees that are studying tenancy questions are concluding that the present conditions of tenancy need much improvement. Shortcomings in the tenancy system contribute to many agricultural problems and to many local ills. However, this does not mean that planning committees are concluding that all forms of tenancy should be eliminated. Rather, it means that they want the good features strengthened and extended, and the bad ones corrected. Planning committees are recognizing the services of tenancy to agriculture, and are moving to learn the problems brought about by tenancy so that weaknesses and shortcomings within the tenancy system can be remedied through individual and public efforts.

Previous publications in this series:

- No. 1—County Land Use Planning.
- No. 2—Membership of Land Use Planning Committees.
- No. 3—The Land Use Organization.
- No. 4—The Scope of Land Use Planning.
- No. 5—Pooling Ideas in Land Use Planning.
- No. 6—Communities and Neighborhoods in Land Use Planning.
- No. 7—Rural Zoning and Land Use Planning.
- No. 8—Planning Committees Cooperate with Local Governments.